

China's Middle-Class Consumers: Preferences and Spending Trends

Billy Wong
Principal Economist (Greater China)
Hong Kong Trade Development Council
21 Sep 2017



HKTDC Research

www.hktdc.com/research

HKTDC RESEARCH 經貿研究

Home Quality Suppliers by Industry HKTDC Events HKTDC Research Services

Economists' Pick China Trade HK Economy Developed Markets Emerging Markets

Research Articles

Advertisement

BELT AND ROAD 一帶一路

1. Huge Market Potential for Air Purifier
13 Sept 2017
In view of serious smog problems, China is paying attention to air quality. Xiang Yong, a Sales Engineer in China, believes that as people have higher awareness of environmental protection, the demand for air purifiers will increase.

2. Global Production Strategy: Midea Group
7 Sept 2017
The intense competition in the global market has prompted Midea Group to upgrade its production process and research and development.

Welcome ASEAN

3rd largest market in the world
China India ASEAN

Rising middle-class

HKTDC RESEARCH 經貿研究

China's Skincare and Cosmetics Market

HKTDC RESEARCH 經貿研究

China's Electronics Market: A Consumer Survey of Audio-Visual and Wearable/Connected Items

Welcome Belt and Road Initiative 一帶一路

About 62% of the world's population
World population About 62%

About 34% of the world's merchandise trade
The Belt and Road about 34%

HKTDC RESEARCH 經貿研究

China - Beauty

HKTDC RESEARCH 經貿研究

China - Electronics

HKTDC 香港貿易發展局

Framework of the consumer survey

- General preferences and spending trends
- Attitudes towards services consumption
- Online shopping habits
- Attitudes towards green consumption
- Lifestyle and spending pattern of post-80s generation

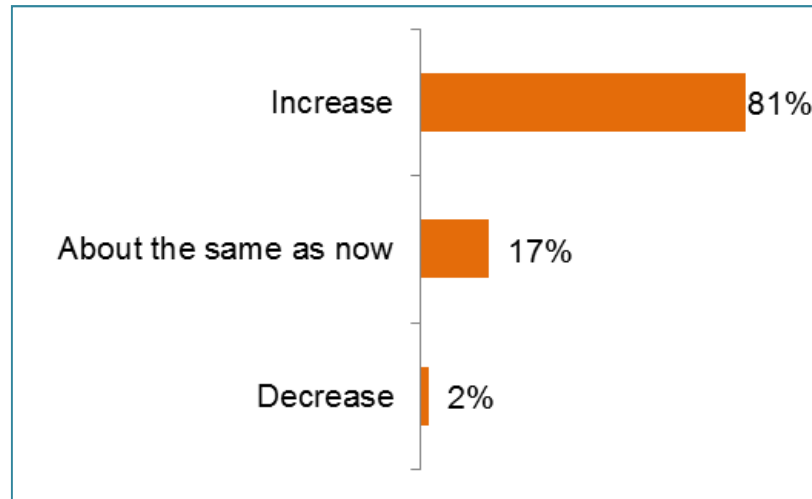


Design of questionnaire survey

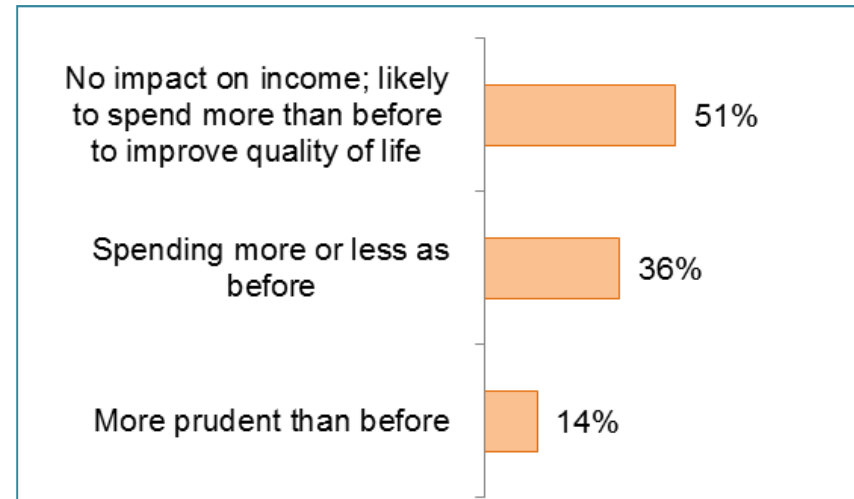
City	Beijing, Shanghai, Guangzhou, Chengdu, Wuhan, Shenyang, Nanjing, Harbin
No. of respondents	250 in each city; 2,000 in total
Distribution of respondents	Age 25-30: 80 in each city Age 31-36: 80 in each city Age 37-50: 90 in each city Male and female respondents account for half each
Profile of respondents	<ul style="list-style-type: none">• Beijing, Shanghai, Guangzhou: Monthly household income of RMB15,000 or more, or monthly personal income of RMB8,000 or more• Chengdu, Wuhan, Shenyang, Nanjing, Harbin: Monthly household income of RMB9,000 or more, or monthly personal income of RMB5,000 or more

Confidence about income and spending

Expected income in next 2-3 Years



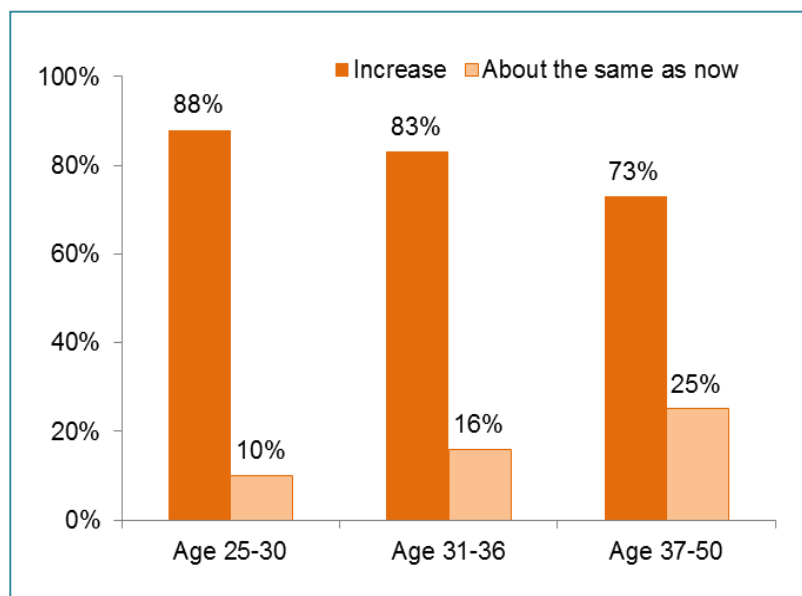
Impact of economic slowdown on daily expenditure



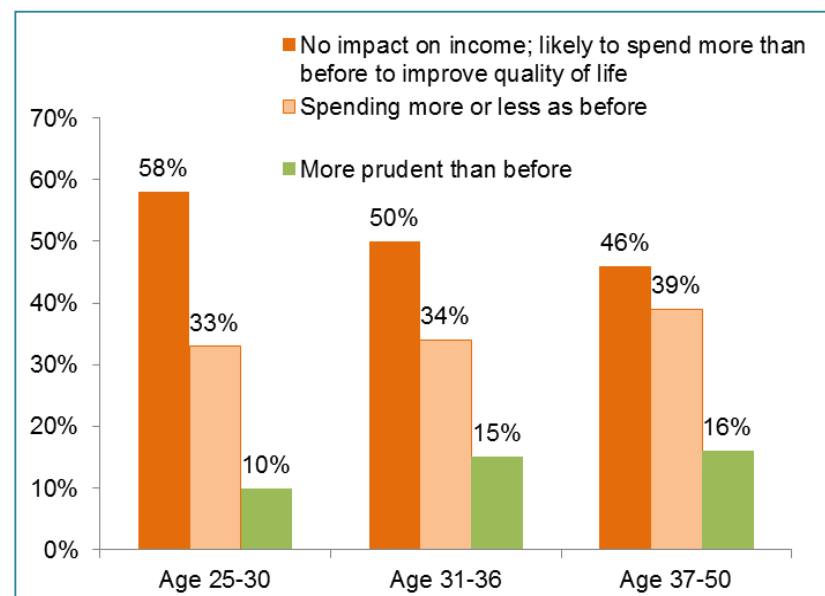
Source: HKTDC Survey

Post-80s are even more confident

Expected income in next 2-3 Years



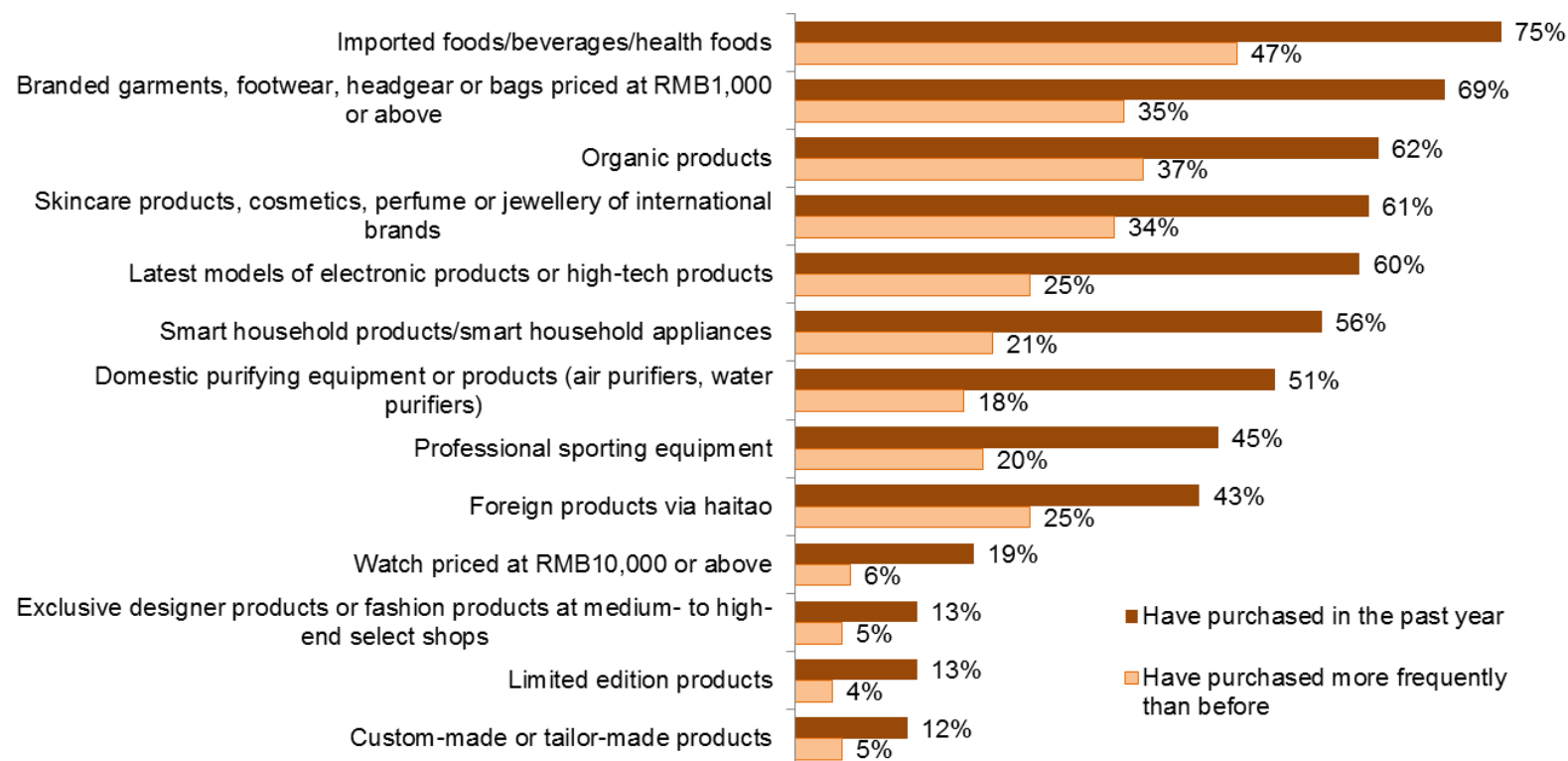
Impact of economic slowdown on daily expenditure



Source: HKTDC Survey

Spending on imported food, organic products trending upwards

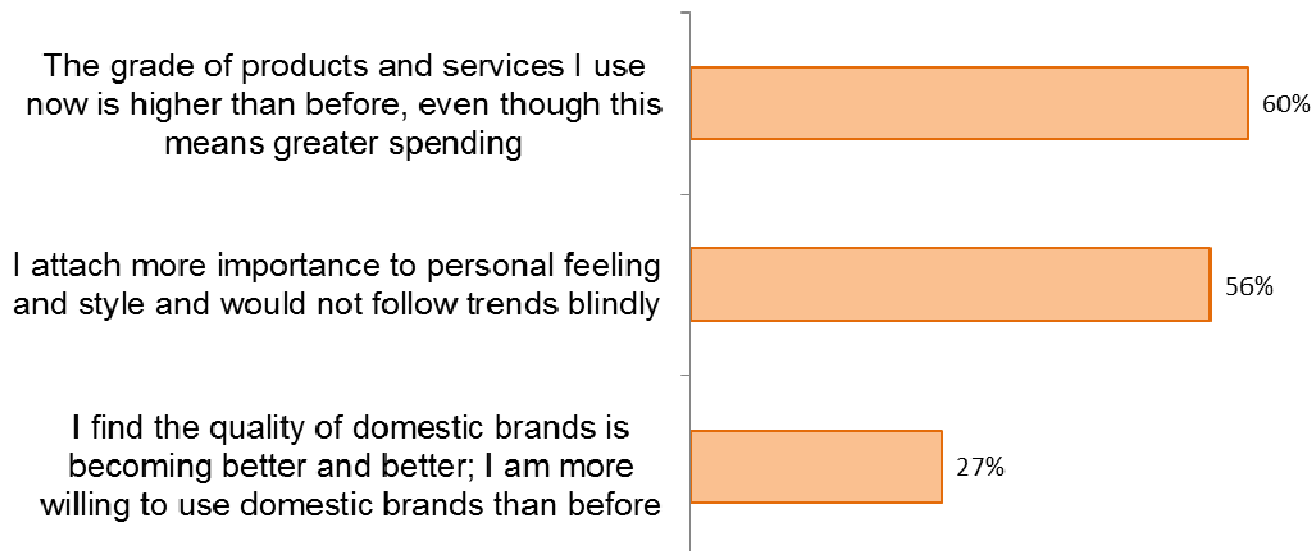
Products purchased in the past year



Source: HKTDC Survey

Trading up and becoming more assertive

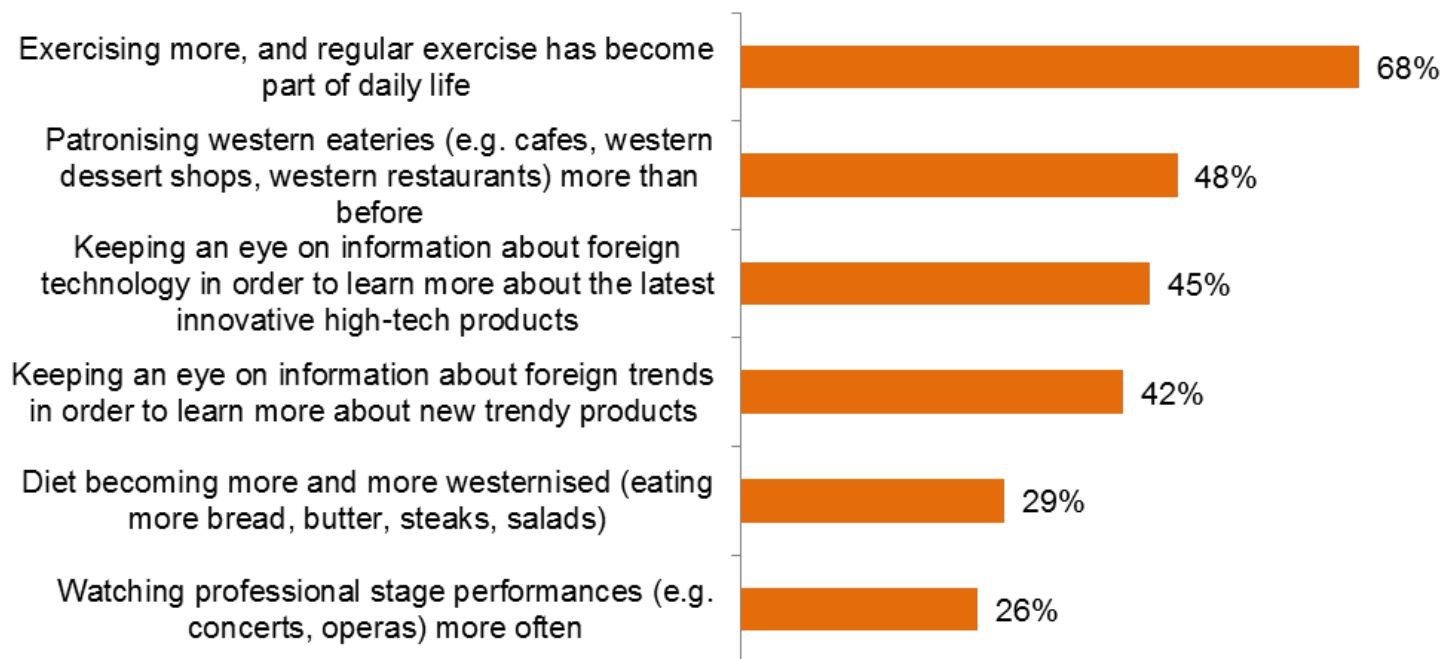
Attitude towards quality and trends



Source: HKTDC Survey

Change in lifestyle: regular exercise and western-style food

Change in lifestyle in recent years

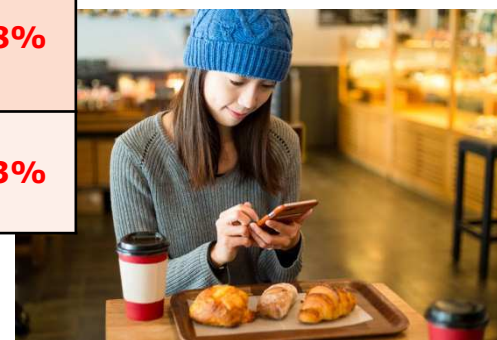


Source: HKTDC Survey

Post-80s lifestyle: more westernised

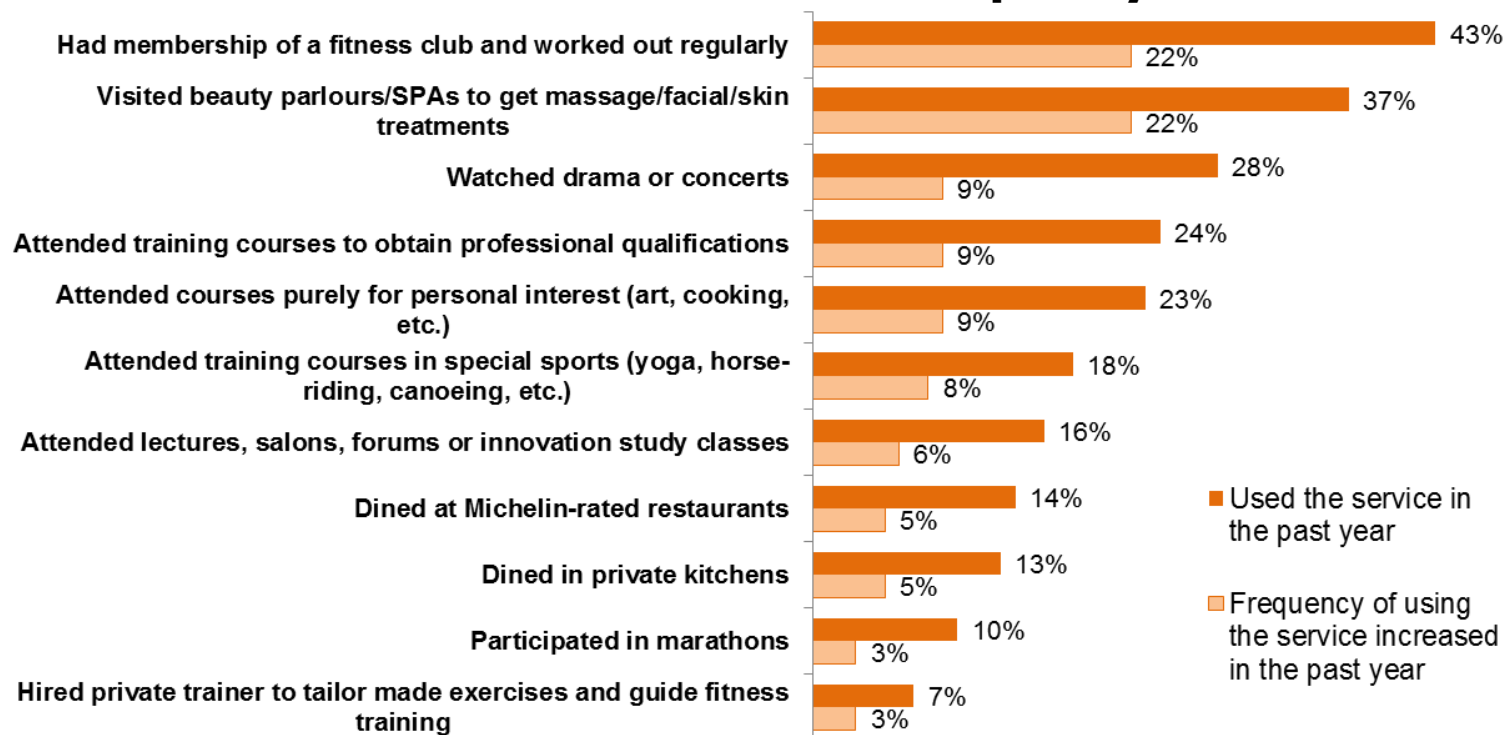
	Overall	Age 25-30	Age 31-36	Age 37-50
Exercising more, and regular exercise has become part of daily life	68%	66%	67%	70%
Patronising western eateries (e.g. cafés, western dessert shops, western restaurants) more than before	48%	53%	47%	44%
Keeping an eye on information about foreign trends in order to learn more about new trendy products	42%	47%	40%	38%
Diet becoming more and more westernised (eating more bread, butter, steaks, salads)	29%	34%	31%	23%

Source: HKTDC Survey



More consumption in leisure/sports services

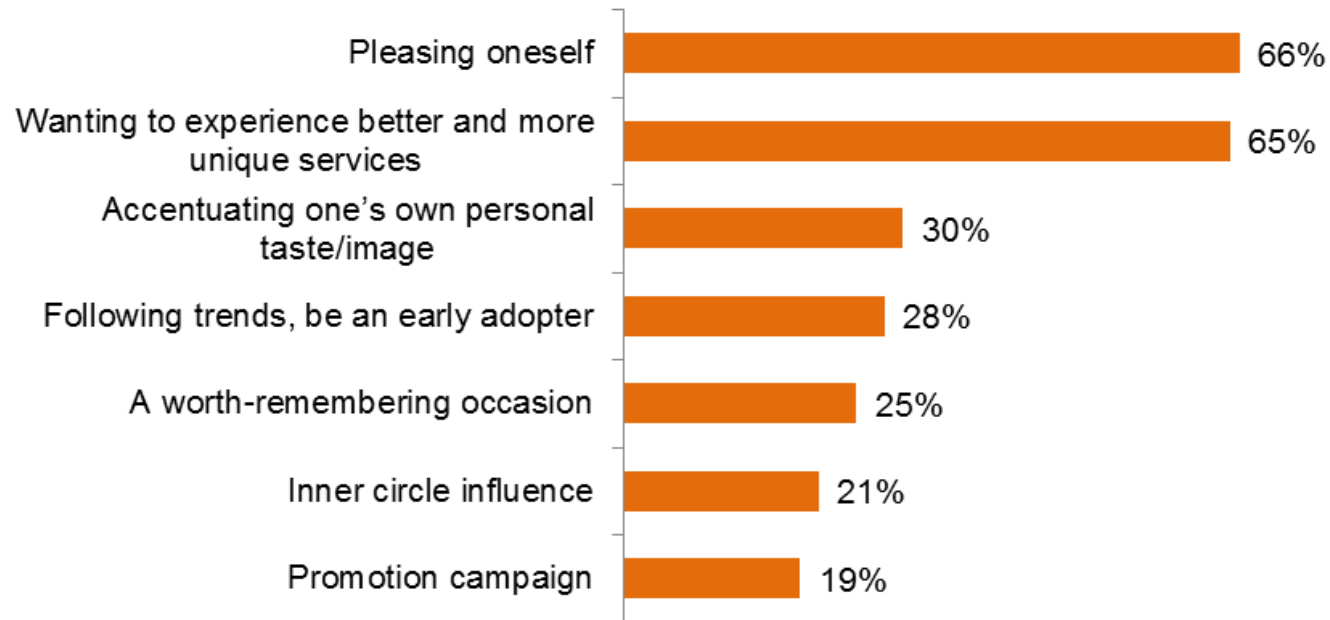
Services consumed in the past year



Source: HKTDC Survey

“Pleasing oneself” drives high-end service consumption

Reasons Driving Consumption of Innovative or High-end Services

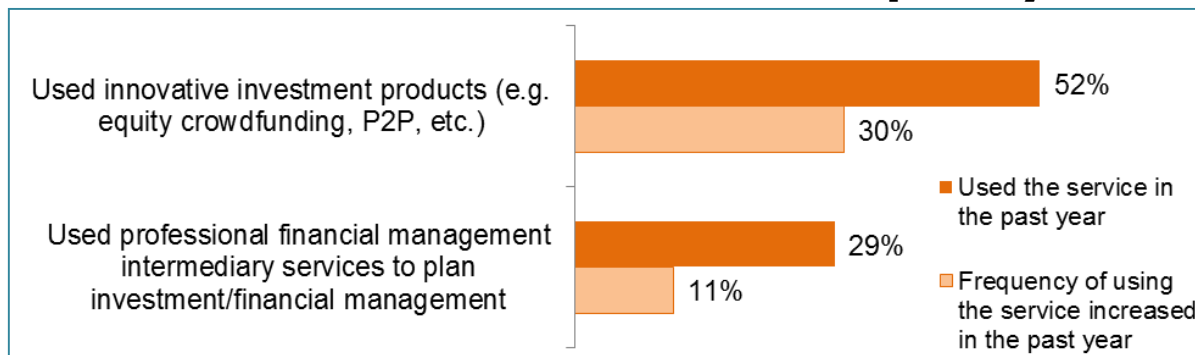


Source: HKTDC Survey

Open-minded about new investment products

Not averse to “spending future money”

Financial services used in the past year



“I have used ‘future money requiring interest payment’ and paid interest through installment payment / paying the minimum repayment amount in order to buy the products/services I desire.

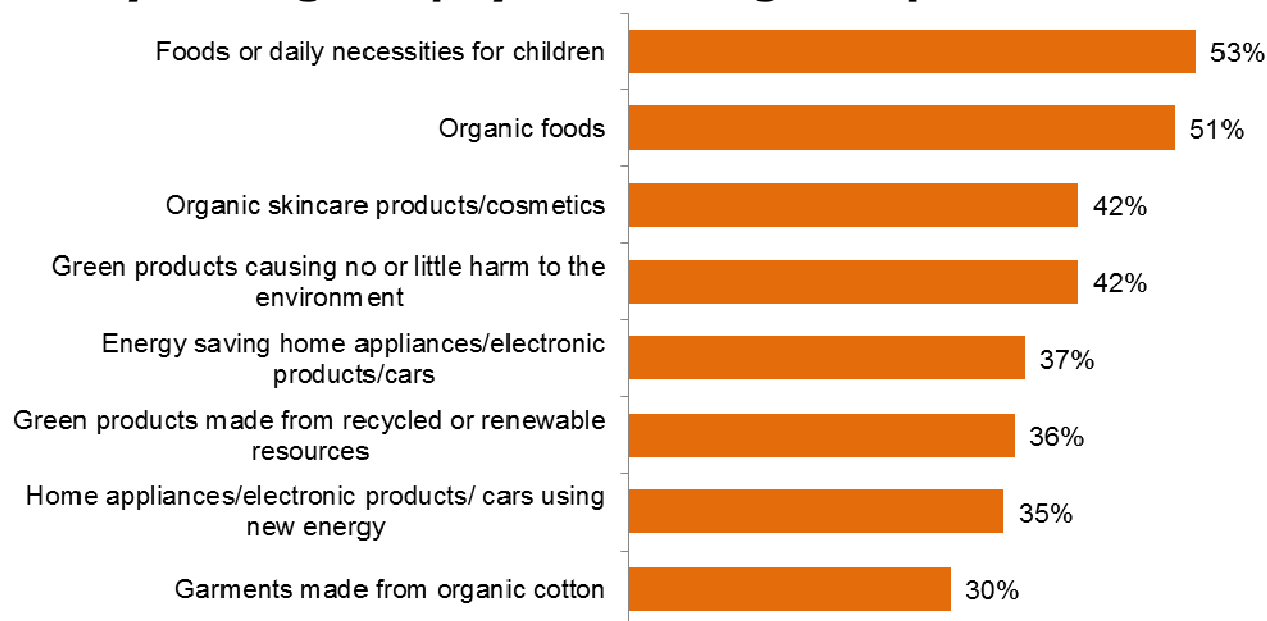


Source: HKTDC Survey

71% spending more on green products

.... partly due to more purchase channels and greater convenience.

"Very willing" to pay more for green products

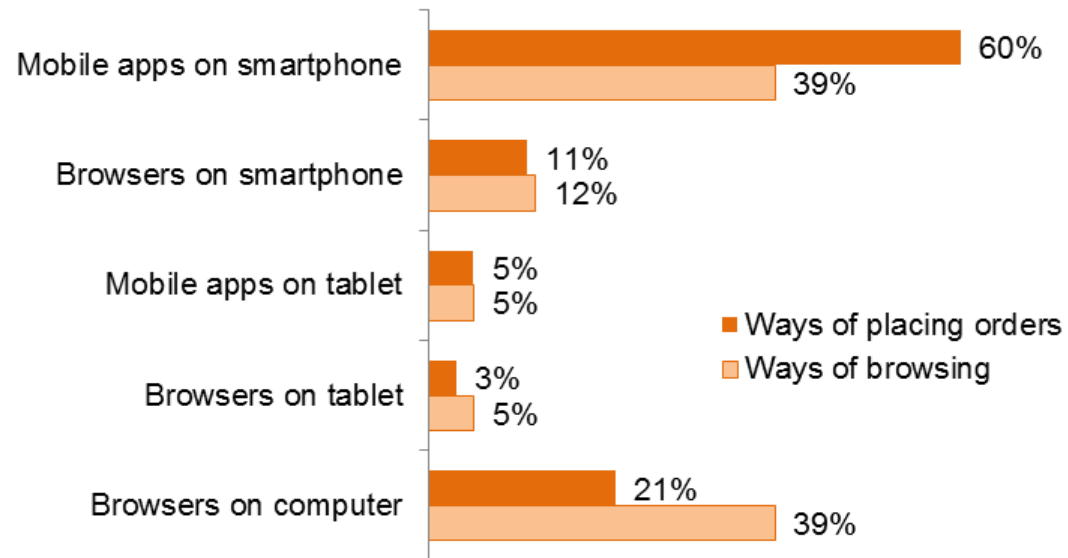


Source: HKTDC Survey

Frequency of online shopping goes up

- 5.25 times a month, 73% shopped online at least once a week.
- Overseas online shopping 1.5 times a month.

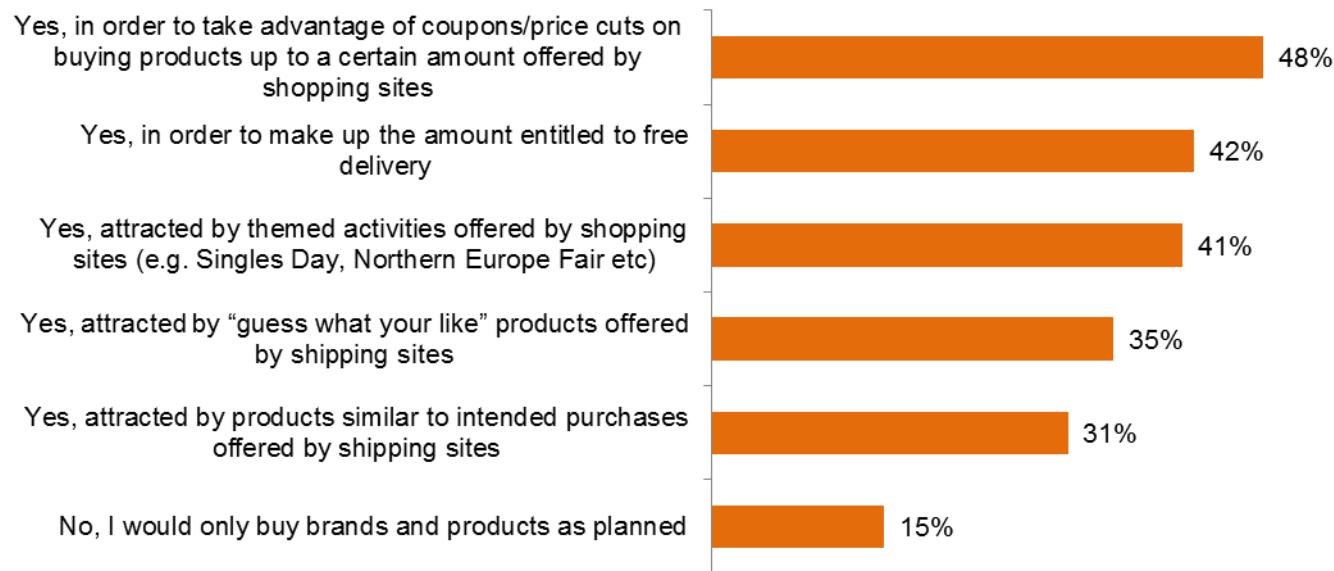
Ways of browsing and placing orders in online shopping



Source: HKTDC Survey

Online special offers and promotions appeal to consumers

Buying products outside intended purchases when shopping online



53% of the respondents agreed that "the information shared by friends on social media can trigger my impulse to buy".

Source: HKTDC Survey

Online - purchase, off-line - experiencing

Forms of O2O Used



- Shops using special themes
- Supermarkets focusing on a particular sector

Source: HKTDC Survey

Concluding remarks

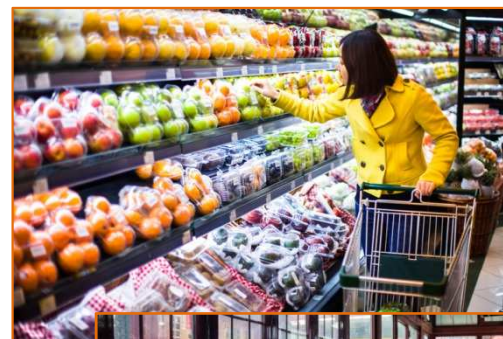
Key words for products and services:

- “**Personalised trendy style**” is the core of middle-class consumers’ demand for products and services, not just the latest trends, but also unique personal style.
- Both the product and service sectors, the market is set to undergo further **segmentation**, brands which better manage to satisfy the demands of **niche markets** will emerge as the winners.

Concluding remarks

Some of the potential markets

- Sporting goods and equipment
- Health and green foods
- Trendy and personalised household products
- Trendy and personalised services
- Financial investment services



Concluding remarks

Sales channels and marketing strategies

- Promote offline, sell online
- Niche positioning offline, big data analysis online
- Mobile first
- Viral offer sharing





Thank you !

HKTDC Research

www.hktdc.com/research

